

Virginia Department of Mines, Minerals & Energy
Virginia Gas and Oil Board

[Minutes and results of hearing, January 16, 2007]

Board members present (Quorum was established): Ms. Barber, Mr. Harris, Mr. Prather, Ms. Quillen, Mr. Wampler

1. The board received a quarterly/year-end report on the board escrow account as administered by Wachovia Bank, Escrow Agent for the Virginia Gas and Oil Board. Opening balance for the quarter was \$15,751,303.59. The account received deposits of \$540,230.59 plus interest of \$182,438.59, and was debited for \$522,325.44 in disbursements and \$9,483.70 in bank fees leaving a closing balance of \$15,942,163.33. Annualized interest rate for the quarter was 3.952%.

2. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-148, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-06-1114-1771. Continued from December.

In the AV-148 45.69-acre unit, the operator controls 99.7% of the coal and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.1 net acres in one tract with one unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued on 10/18/06. The petition was withdrawn by the applicant.

3. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit FF-56, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-06-1114-1776. Continued from December.

In the FF-56 80-acre unit, the operator controls 63.3% of the coal and gas interests, and seeks to pool the remaining 36.7% of the interests. Unleased acreage subject to pooling totals 32.9 net acres in one tract with one unleased owner. There are no conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. The petition was withdrawn by the applicant.

4. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit YYY-36, Rogers 279, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1798. Continued from December.

In the YYY-36 80-acre unit, the applicant controls 52.0% of the coal interests and 52.0% of the gas interests, and seeks to pool the remaining 48.0% of the interests. Unleased coal acreage totals 38.4 net acres in one tract with one unleased owner. Unleased gas acreage totals 38.4 net acres in one tract having one unleased owner. There are no conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. The petition was withdrawn by the applicant.

5. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit A-34, Rogers 292, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1800. Continued from December.

In the A-34 80-acre unit, the applicant controls 88.4% of the coal interests and 72.2% of the gas interests, is concluding an agreement with Equitable addressing 11.6% of the interests, and seeks to pool the remaining 16.2% of the gas interests. Unleased gas acreage totals 13.0 net acres in three tracts having seven unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

6. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit YYY-35, Rogers 294, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1801. Continued from December.

In the YYY-35 80-acre unit, the applicant controls 36.0% of the coal interests and 27.0% of the gas interests, is concluding an agreement with Equitable addressing 64.1% of the interests, and seeks to pool the remaining 8.9% of the gas interests. Unleased gas acreage totals 7.2 net acres in one tract having seven unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

7. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit YYY-34, Rogers 592, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1811. Continued from December.

In the YYY-34 80-acre unit, the applicant controls 66.4% of the coal interests and 49.8% of the gas interests, is concluding an agreement with Equitable addressing 33.6% of the interests, and seeks to pool the remaining 16.6% of the gas interests. Unleased gas acreage totals 13.3 net acres in one tract having seven unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

8. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit ZZZ-34, Rogers 593, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1812. Continued from December.

In the ZZZ-34 80-acre unit, the applicant controls 39.0% of the coal interests and 29.2% of the gas interests, is concluding an agreement with Equitable addressing 61% of the interests, and seeks to pool the remaining 9.7% of the gas interests. Unleased gas acreage totals 7.8 net acres in three tracts having seven unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

9. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 329, CBM Unit SSS-35, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1847. Continued from December.

In the SSS35 80-acre unit, the applicant controls 46.5% of the coal interests and 34.9% of the gas interests, and seeks to pool the remaining 53.4% of the coal interests and 65.1% of the gas interests. Unleased coal acreage totals 42.8 net acres in two tract with three unleased owner. Unleased gas acreage totals 52.1 net acres in five tracts having 10 unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. The petition was withdrawn by the applicant.

10. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 331, CBM Unit TTT-36, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1848. Continued from December.

In the TTT36 80-acre unit, the applicant controls 83.4% of the coal interests and 62.5% of the gas interests, is concluding an agreement with Equitable addressing 16.6% of the interests, and seeks to pool the remaining 20.8% of the gas interests. Unleased gas acreage totals 16.7 net acres in three tracts having seven unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit J-37, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0116-1853.

In the J37 80-acre unit, the operator controls 99.9% of the coal and gas interests, and seeks to pool the remaining 0.1% of the interests. Unleased acreage subject to pooling totals 0.1 net acres in one tract with three unleased owner. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 7/6/06. Pooling was approved.

12. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit S-54, Maiden Springs & Garden District, Tazewell & Buchanan County, Virginia. Docket Number VGOB-07-0116-1854.

In the S54 80-acre unit, the applicant controls 99.8% of the coal interests and 46.2% of the gas interests, and seeks to pool the remaining 0.02% of the coal interests and 53.8% of the gas interests. Unleased coal acreage totals 0.15 net acres in one tract with one unleased owner. Unleased gas acreage totals 54.1 net acres in 10 tracts having nine unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 4/28/06. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit A-31, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1849-01.

In the A31 80-acre unit, the applicant claims control of 28.7% of the coal and gas interests, and seeks to pool the remaining 71.3% of the interests. Unleased acreage subject to pooling totals 57.1 net acres in two tracts with 12 unleased owner. There are conflicting claimants subject to escrow. The unit was originally pooled by GeoMet on 12/19/06, and GeoMet was named operator of the unit. No application for permit to drill the unit has been submitted. A Stay was placed on the original pooling order and the re-pooling was carried forward to February.

14. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit B-52, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1843-01.

In the B52 64.55-acre unit, the applicant claims control of 79.7% of the coal and gas interests, and seeks to pool the remaining 20.3% of the interests. Unleased acreage subject to pooling totals 16.2 net acres in one tract with eight unleased owner. There are conflicting claimants subject to escrow. The unit was originally pooled by GeoMet on 12/19/06, and GeoMet was named operator of the unit. No application for permit to drill the unit has been submitted. A Stay was placed on the original pooling order and the re-pooling was carried forward to February.

15. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit D-38, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1850-01.

In the D38 80-acre unit, the applicant claims control of 22.5% of the coal and gas interests, and seeks to pool the remaining 77.5% of the interests. Unleased acreage subject to pooling totals 62.0 net acres in two tracts with one unleased owner. There are no conflicting claimants subject to escrow. The unit was originally pooled by GeoMet on 12/19/06, and GeoMet was named operator of the unit. No application for permit to drill the unit has been submitted. A Stay was placed on the original pooling order and the re-pooling was carried forward to February.

16. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit E-44, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1845-01.

In the E44 80-acre unit, the applicant claims control of 35.4% of the coal and gas interests, and seeks to pool the remaining 64.6% of the interests. Unleased acreage subject to pooling totals 51.7 net acres in one tract with eight unleased owner. There are conflicting claimants subject to escrow. The unit was originally pooled by GeoMet on 12/19/06, and GeoMet was named operator of the unit. No application for permit to drill the unit has been submitted. A Stay was placed on the original pooling order and the re-pooling was carried forward to February.

17. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit F-44, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1844-01.

In the F44 80-acre unit, the applicant claims control of 32.2% of the coal and gas interests, and seeks to pool the remaining 68.8% of the interests. Unleased acreage subject to pooling totals 55.0 net acres in one tract with eight unleased owner. There are conflicting claimants subject to escrow. The unit was originally pooled by GeoMet on 12/19/06, and GeoMet was named operator of the unit. No application for permit to drill the unit has been submitted. A Stay was placed on the original pooling order and the re-pooling was carried forward to February.

18. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit B-40, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1795-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX

Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

19. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit B-41, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1808-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

20. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit B-42, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1793-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

21. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit C-33, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1807-01

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

22. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit C-39, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1806-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

23. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit C-48, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1782-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

24. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit G-45, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1787-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

25. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit D-32, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1810-01

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

26. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit D-45, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1789-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

27. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit D-46, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1783-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

28. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit E-32, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1809-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

29. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit E-45, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1785-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

30. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit E-46, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1784-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

31. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for change of unit operator of coalbed methane unit C-49, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1780-01.

On November 14, 2006, the Board approved pooling of this unit and named GeoMet Operating Company, Inc. unit operator. Applicant is requesting the Board to remove GeoMet as operator and designate CNX Gas Company, LLC unit operator. A Stay was placed on the original pooling order and the petition for change of operator was carried forward to February.

32. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia LLC for creation and pooling of conventional gas unit 826203, Prater District, Buchanan County, Virginia. Docket Number VGOB-07-0116-1857.

In the 826203 112.69-acre conventional gas unit, the applicant controls 61.6% of the oil and gas interests, and seeks to pool the remaining 38.4% of the interests. Unleased acreage subject to pooling totals 43.2 net acres in three tracts with 61 unleased owners. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

33. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia LLC for creation and pooling of conventional gas unit 826204, Prater District, Buchanan County, Virginia. Docket Number VGOB-07-0116-1858.

In the 826204 112.69-acre conventional gas unit, the applicant controls 86.8% of the oil and gas interests, and seeks to pool the remaining 13.2% of the interests. Unleased acreage subject to pooling totals 14.9 net acres in one tract with two unleased owners. There are no unlocated owners subject to escrow. No permit to drill the unit has been submitted. Continued to February.

34. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia LLC for creation and pooling of conventional gas unit 824155, Prater District, Buchanan County, Virginia. Docket Number VGOB-07-0116-1859.

In the 824155 112.69-acre conventional gas unit, the applicant controls 78.7% of the oil and gas interests, and seeks to pool the remaining 21.3% of the interests. Unleased acreage subject to pooling totals 23.9 net acres in one tract with one unleased owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

35. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-536100, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-07-0116-1860.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 35.7 feet closer to existing Equitable gas well V-2135 than the 2500 feet mandated by spacing. The exception is needed to avoid disturbing a cemetery. No application for permit to drill this location has been submitted. The location exception was approved.

36. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536191, New Garden District, Russell County, Virginia. Docket Number VGOB-07-0116-1861.

In the VC-536191 58.77-acre unit, the applicant controls 100% of the coal interests and 93.2% of the gas interests, and seeks to pool the remaining 6.8% of the gas interests. Unleased gas acreage totals 4.0 net acres in one tract having one unknown and unleased owner. There are conflicting claimants and unknown owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

37. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536825, Kenady District, Dickenson County, Virginia. Docket Number VGOB-07-0116-1862.

In the VC-536825 58.77-acre unit, the applicant controls 100% of the coal interests and 94.5% of the gas interests, and seeks to pool the remaining 5.5% of the gas interests. Unleased gas acreage totals 3.2 net acres in four tracts having four unleased owner. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

38. The Virginia Gas and Oil Board heard a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-190, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0116-1863.

In the AE190 80.25-acre unit, the applicant controls 63.7% of the coal interests and 51.6% of the gas interests, and seeks to pool the remaining 36.3% of the coal interests and 48.4% of the gas interests. Unleased coal acreage totals 29.2 net acres in one tract with six unleased owner. Unleased gas acreage totals 38.8 net acres in three tracts having 16 unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Continued to February.

39. The Virginia Gas and Oil Board heard a petition from Coronado Resources, LLC for pooling of coalbed methane unit SSS-22, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-07-0116-1864.

In the SSS22 80-acre unit, the operator controls 98.98% of the coal and gas interests, and seeks to pool the remaining 1.02% of the interests. Unleased acreage subject to pooling totals 0.8 net acres in three tracts with 12 unleased owner. There are unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

No public comment was offered.

The deadline for filing of petitions to the Board for the February 2007 hearing is 5 p.m., Friday, January 19, 2007 with the hearing scheduled for 9 a.m. Tuesday, February 20, 2007 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.